

STATE OF SOUTH CAROLINA )

(Caption of Case) )

Application of Budget PrePay, Inc. for Designation as  
an Eligible Telecommunications Carrier )

BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA

COVER SHEET

DOCKET  
NUMBER: 2009 - 276 - C

(Please type or print)

Submitted by: John J. Pringle, Jr.

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DOCKETING INFORMATION (Check all that apply)

☐ Emergency Relief demanded in petition

☐ Request for item to be placed on Commission's Agenda  
expeditiously

☐ Other:

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)			
<input type="checkbox"/> Electric	<input type="checkbox"/> Affidavit	<input type="checkbox"/> Letter	<input type="checkbox"/> Request	
<input type="checkbox"/> Electric/Gas	<input type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certification	
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigation	
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement	
<input type="checkbox"/> Electric/Water/Telecom.	<input type="checkbox"/> Application	<input type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment	
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter	
<input type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response	
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery	
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition	
<input checked="" type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation	
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input checked="" type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena	
<input type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input type="checkbox"/> Tariff	
<input type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input type="checkbox"/> Other: _____	
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest		
<input type="checkbox"/> Other: _____	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit		
	<input type="checkbox"/> Late-Filed Exhibit	<input type="checkbox"/> Report		

Print Form

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# ELLIS:LAWHORNE

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November 5, 2009

## **FILED ELECTRONICALLY**

The Honorable Charles L.A. Terreni  
Chief Clerk  
**South Carolina Public Service Commission**  
Post Office Drawer 11649  
Columbia, South Carolina 29211

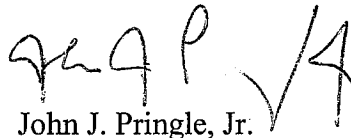
RE: Application of Budget PrePay, Inc. for Designation as an Eligible  
Telecommunications Carrier  
**Docket No. 2009-276-C, ELS File No. 1959-11654**

Dear Mr. Terreni:

Enclosed is the **Direct Testimony of Greg Hough** filed on behalf of Budget  
Prepay, Inc. in the above-referenced docket.

If you have any questions or need additional information, please do not hesitate to  
contact me.

Very truly yours,

A handwritten signature in black ink, appearing to read "JJP" followed by a large checkmark or stylized flourish.

John J. Pringle, Jr.

JJP/cr

cc: Nannette S. Edwards, Esquire (via electronic mail service)  
Gordon D. Polozola, Esquire (via electronic mail service)  
R. Daniel Hyde, III (via electronic mail service)

Enclosures

**BEFORE THE**  
**SOUTH CAROLINA PUBLIC SERVICE COMMISSION**

Application of Budget PrePay, Inc. for	)	<b>Docket No. 2009-276-C</b>
Designation as Eligible Telecommunications	)	
Carrier	)	

**DIRECT TESTIMONY OF GREG HOUGH**

**ON BEHALF OF**

**BUDGET PREPAY, INC.**

1    **Q.    PLEASE STATE YOUR NAME, POSITION, AND BUSINESS ADDRESS.**

2    A.    My name is Greg Hough. I am Product Development Manager for Budget PrePay, Inc.  
3           (“Budget”). My business address is 1325 Barksdale Boulevard, Bossier City, Louisiana  
4           71111.

5  
6    **Q.    PLEASE    BRIEFLY    DESCRIBE    YOUR    BACKGROUND    AND**  
7    **QUALIFICATIONS.**

8    A.    I have 12 years of experience in the telecommunications industry. My background and  
9           previous experiences uniquely qualify me to initiate and help manage the daily reporting  
10          and operational requirements of special programs and products.

11  
12   **Q.    PLEASE    DESCRIBE    YOUR    CURRENT    POSITION    AND    ITS**  
13   **RESPONSIBILITIES.**

14   A.    I am Product Development Manager for Budget PrePay, Inc. My responsibilities include  
15          the development, marketing, operational process and reporting requirements of all current  
16          products and special programs at Budget PrePay. I also oversee the Eligible  
17          Telecommunications Carrier (“ETC”) designation process in new states. I report directly  
18          to the owners of Budget PrePay.

19  
20   **Q.    WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

21   A.    The purpose of my testimony is to discuss Budget’s qualifications to be designated as an  
22          ETC by this Commission for the purposes of receiving federal universal service “Lifeline  
23          and Link-up” support, and why such designation will serve consumers and the public

1 interest generally. I would like to incorporate by reference into this Testimony Budget's  
2 application filed in this Docket.

3  
4 **Q. PLEASE DESCRIBE THE COMPANY**

5 A. Budget is a competitive local exchange carrier ("CLEC") authorized to provide local  
6 exchange services per Order No. 2000-0289 issued in Docket No. 1999-512-C, and  
7 authorized to provide interexchange services per Order No. 2003-163 issued in Docket  
8 No. 2002-291-C.

9  
10 **Q. HAS THE COMPANY BEEN CERTIFIED AS AN ETC IN ANY OTHER STATE?**

11 A. Yes. Budget is currently designated as an ETC in Alabama, Florida, Louisiana,  
12 Maryland, Nebraska, Oklahoma, and Tennessee, since the filing of its application with  
13 this Commission, California, Mississippi and North Carolina. Budget has applications  
14 pending in Kentucky and Georgia. Budget's ETC status is in good standing in all states  
15 where granted.

16  
17 **Q. DOES THE COMPANY CURRENTLY PROVIDE SERVICE IN SOUTH**  
18 **CAROLINA?**

19 A. Yes.

20  
21 **Q. IS THE COMPANY WILLING TO ADVERTISE THE AVAILABILITY OF ITS**  
22 **SERVICES IN SOUTH CAROLINA, INCLUDING THE AVAILABILITY OF**  
23 **LIFELINE AND LINK-UP?**

1 A. Yes. Budget will not only advertise the availability of our services throughout our  
2 proposed service area, we plan to have a very heavy presence in low income areas, where  
3 we believe a large percentage of lifeline eligible customers are being underserved.  
4

5 **Q. WILL THE COMPANY COMPLY WITH THE COMMISSION'S ORDERS**  
6 **REGARDING TO PROVISION OF INTEREXCHANGE AND LOCAL**  
7 **SERIVCES?**

8 A. Yes. Budget will, at all times, provide and market services in accordance with applicable  
9 Commission rules and orders. In addition, Budget at all times will provide interstate  
10 services in compliance with all FCC rules and regulations.  
11

12 **Q. WHAT LIFELINE AND LINK-UP DISCOUNTS WILL CONSUMERS RECEIVE**  
13 **IN SOUTH CAROLINA?**

14 A. For Link-up, Budget will offer consumers 50% off our activation fee, up to a maximum  
15 \$30.00 discount. On Lifeline, Budget PrePay will pass the required \$13.50 credit to all  
16 eligible customers.  
17

18 **Q. DOES THE COMPANY SERVICE PROMOTE AFFORDABLE TELEPHONE**  
19 **SERVICE?**

20 A. Yes. Budget PrePay continuously seeks ways to pass on added value and special  
21 promotions. Our goal is to provide low income customers with the most affordable  
22 telephone service while maintaining fiduciary responsibility to Budget PrePay.  
23

1 Q. PLEASE DESCRIBE HOW THE COMPANY WILL PROVISION THE  
2 SERVICES FOR WHICH IT SEEKS ETC DESIGNATION.

3  
4 A. Budget will continue to provide basic local exchange service on a pre-paid basis within  
5 the State of South Carolina. Budget will provide local exchange services through a  
6 combination of resale and through its own facilities leased through a commercial  
7 facilities agreement ("CFA") with AT&T. Through the provisioning methods outlined  
8 above, Budget has the ability to offer all of the supported services outlined in Section  
9 254(c) of the Telecommunications Act and CFR Section 54.101(a).

10  
11 Q. PLEASE DESCRIBE THE COMPANY'S PROPOSED ETC SERVICE AREA.

12 A. Budget seeks to be designated as an ETC is all of the non-rural wire centers of AT&T in  
13 the State of South Carolina. Budget does not request ETC designation in any rural area at  
14 this time.

15  
16 Q. FEDERAL LAW REQUIRES A CARRIER TO OFFER ITS SERVICE  
17 THROUGHOUT A PROPOSED ETC SERVICE AREA IN RESPONSE TO ALL  
18 REASONABLE REQUESTS FOR SERVICE, HOW DOES THE COMPANY  
19 PROPOSE TO ACCOMPLISH THIS IN SOUTH CAROLINA?

20  
21 A. Budget's commitment is to respond immediately to all reasonable requests for service  
22 and to offer its service throughout its proposed ETC service area. We understand that the  
23 best way to meet a reasonable request for service is to follow the process for provisioning  
24 service set forth in the FCC's ETC Report and Order released March 17, 2005.

1    **Q.    HOW LONG DO YOU EXPECT IT TO TAKE TO PROVISION SERVICE TO A**  
2       **CUSTOMER?**

3    A.    Every situation is unique and must be handled on a case-by-case basis. In most cases  
4       consumers are provisioned in one to two business days.

5  
6    **Q.    WHAT FACTS SUPPORT A FINDING THAT THE COMPANY HAS THE**  
7       **CAPABILITY AND COMMITMENT TO OFFER AND ADVERTISE ITS**  
8       **SERVICES THROUGHOUT ITS PROPOSED ETC SERVICE AREA?**

9    A.    Budget has been providing high quality local service to low income customers since  
10       1996. Budget PrePay is currently the largest provider of prepaid home phone service in  
11       the United States. As mentioned above, Budget is currently designated as an ETC in ten  
12       states and provides Lifeline/Link-Up service to thousands of customers in those states.  
13       Budget's ETC status is in good standing in all states where granted.

14  
15   **Q.    DOES THE COMPANY SEEK FEDERAL HIGH-COST FUNDS BY MEANS OF**  
16       **THIS APPLICATION?**

17   A.    No. Budget is not requesting High-Cost support by means of this application for ETC  
18       designation. Budget does not receive any High-Cost support in any of the states where  
19       Budget is currently designated as an ETC. Budget only receives Link-Up and Lifeline  
20       support.

21  
22   **Q.    WHAT IS A REASONABLE TIME FOR THE COMPANY TO OFFER AND**  
23       **ADVERTISE THROUGHOUT ITS PROPOSED ETC SERVICE AREA?**



1 A. Budget is committed to doing so immediately. Budget will advertise as required and  
2 promptly respond to all requests for service.  
3

4 **Q. HOW WOULD THE PUBLIC INTEREST BE SERVED BY A GRANT OF ETC**  
5 **STATUS TO THE COMPANY?**

6 A. With regard to the “public interest” test for ETC status, Budget believes that it is in a  
7 unique position to serve the “public interest” when it comes to providing USF assistance.  
8 Budget’s agent distribution and payment center network is an integral part of its unique  
9 service as these agents operate in locations where low-income and credit impaired  
10 customers conduct business. These end-users often have no where to go for phone  
11 service as they have been disconnected by the incumbent LEC. These are the very people  
12 that the USF was meant to assist. It is Budget’s belief that if it is granted ETC status, it  
13 will be able to assist a large percentage of the very population that the fund was created  
14 to help.  
15

16 **Q. CURRENTLY, THE COMMISSION IS CONSIDERING RULES GOVERNING**  
17 **THE DESIGNATION OF ELIGIBLE TELECOMMUNICATIONS CARRIERS.**  
18 **WILL THE COMPANY AGREE TO COMPLY WITH THE NEW RULES THAT**  
19 **RESULT FROM THAT PROCEEDING?**

20 A. Yes.  
21

22 **Q IF REQUIRED TO DO SO, WILL THE COMPANY ANNUALLY SUBMIT A**  
23 **REPORT STATING THE NUMBER OF REQUESTS FOR SERVICE FROM**  
24 **POTENTIAL CUSTOMERS WITHIN ITS SERVICE AREAS THAT WERE**

1 UNFULFILLED FOR THE PAST YEAR AND HOW IT ATTEMPTED TO  
2 PROVIDE SERVICE TO THOSE POTENTIAL CUSTOMERS?

3  
4 A. Yes.

5 Q. IF REQUIRED TO DO SO, WILL THE COMPANY ANNUALLY SUBMIT A  
6 REPORT STATING THE NUMBER OF COMPLAINTS IT HAS RECEIVED?

7 A. Yes.

8  
9 Q. IF REQUIRED TO DO SO, WILL THE COMPANY ANNUALLY SUBMIT A  
10 CERTIFICATION THAT IT IS ABLE TO FUNCTION IN EMERGENCY  
11 SITUATIONS?

12 A. Yes.

13  
14 Q. IF REQUIRED TO DO SO, WILL THE COMPANY ANNUALLY SUBMIT A  
15 CERTIFICATION THAT IT IS OFFERING A LOCAL USAGE PLAN  
16 COMPARABLE TO THAT OFFERED BY THE ILEC IN THE RELEVANT  
17 SERVICE AREAS?

18 A. Yes.

19  
20 Q. IF REQUIRED TO DO SO, WILL THE COMPANY ANNUALLY REPORT THE  
21 NUMBER OF LIFELINE CUSTOMERS AND THE NUMBER OF CUSTOMERS  
22 THAT RECEIVE LINK UP ASSISTANCE AS OF DEC 31<sup>st</sup> OF THE PRIOR  
23 YEAR, AS WELL AS COPIES OF RESPONSES TO THE LIFELINE

1           **VERIFICATION SURVEY OR CERTIFICATION FILED WITH UNIVERSAL**  
2           **SERVICE ADMINISTRATIVE COMPANY ON AUGUST 31 OF EACH YEAR?**

3    A.     Yes.

4

5    **Q     DOES THIS CONCLUDE YOUR TESTIMONY?**

6    A.     Yes.

7